

From Ragas To Riches PART II

The growth of AAHOA tracks the ascendancy of Indian-American hoteliers

By Stanley Turkel, MHS, ISHC

The Asian American Hotel Owners Association (AAHOA) was originally founded to fight racism. As early as the mid-1970's, Indian Americans hoteliers faced discrimination from insurance carriers. Around that time, after delegates to a regional five marshal's convention reported that Patels had set fire to their motels and submitted phony claims, insurance brokers refused to sell insurance to Indian owners.

To fight this problem and other forms of discrimination, the Mid-South Indemnity Association was formed in Tennessee. It grew nationwide and eventually changed its name to the Indo American Hospitality Association. Another group of Indian hoteliers came together in Atlanta in 1989 also to address discrimination issues and to increase awareness of Asian Americans in the hospitality industry. They called themselves the Asian American Hotel Owners Association. By the end of 1994, these two groups merged with the following mission:

“AAHOA provides an active forum in which Asian American hotel owners through an exchange of ideas with a unified voice, can communicate, interact, and secure their proper position within the hospitality industry, and be a source of inspiration by promoting professionalism and excellence through education and community involvement.

As Joel Millman wrote in *The Other Americans*,

“Instead of pariahs, Patels became the darlings of the lodging world. And just as the hospitality companies needed Patels, the immigrants needed the infrastructure of an established American corporation. To move beyond the drive-up trade, they needed the kind of steady business a toll free reservation system creates. They needed to learn how to manage bigger properties. For immigrants, franchising provided instant training, with seminars and manuals to

describe every motel nuance. Franchising also gave economies of scale in purchasing everything from disposable bathroom cups to towels, to television sets. It's no surprise, then, that as the hospitality chains grew, they attracted a disproportionate number of Patels. Today, of every hundred new low-service properties, about half of them are in the hands of Gujarati.”

A recent AAHOA survey revealed that 80 percent of members have been in the hotel industry for five or more years. It also indicates that the greatest population of members have their primary holdings in the Southeast and on the West Coast with the third highest demographic in the Southwest.

A majority of AAHOA members are multi-property owners: 61 percent owning multiple hotels and 39 percent have one or two properties. Sixty percent of survey respondents plan to construct a new property within the next 18 months. Most of these (71 percent) will be mid-sized properties of 51-100 rooms, while six percent are developing properties with more than 150 rooms.

Dozens of AAHOA-member hotel companies own multiple properties. Among many that own ten or more properties include: ABC Investments & Management Company, Alliance Hospitality, Ashbury Suites & Inns, Avista Hotels, Buggsi Hospitality Group, Diplomat Hotels, Elite Hospitality, HMB Management, JHM Hotels, Kana Hotels, LTD Management Company, Noble Investment Group, Pattni Lodging Group, Pinnacle Hotels, SREE Hospitality Group, Tarsadia Hotels, Temple Hospitality, etc.

One of the most successful Asian American hotel companies is the Hersha Group, the parent company of a vertically integrated array of lodging enterprises that includes the Hersha Development Corp., Hersha Construction Services, Hersha Interiors & Supply, Hersha Hospitality Management and Hersha Hospitality Trust. The executive offices are in New Cumberland, Pa.

Hasu Shah came to this country with less than \$100, worked three jobs during college in Tennessee and New Mexico, moving to Pennsylvania for a state job that enabled him to buy homes at foreclosures. He fixed the homes up and then sold them. The profits enabled him to buy his first hotel. “I started the company with a 125-room hotel,” says Hasu, who emigrated from Bombay in 1967. “At first, when it was not doing so well, I kept working as a chemical engineer in the evening. After a year, I quit my job, and we started working together, man and wife. We kept on acquiring two to three hotels a year.” Hasu’s sons, Jay and Neil, now run the company.

Another wonderful success story is exemplified by Hasmukh P. Rama who was the first Chairman of the Asian American Hotel Owners Association. In 1999, Rama was elected chairman of the American Hotel and Lodging Association, the national trade group representing America’s \$90 billion lodging industry. He is the first Asian American to head the 92 year- old organization. H.P. Rama was recently the recipient of the Pioneer Award from the prestigious International Society of Hospitality Consultants. Rama, a Malawi- born Indian, acquired his first motel in 1973, a 40-room independent in Pomona, CA. Today, his Greenville, SC company, JHM Hotels, own 31 hotels in five states and one in India. In 1998, his family created the Rama Scholarship Fund for the American Dream with a donation of \$1,000,001 (Hindus consider gifts of money ending in the numeral 1 to be particularly auspicious). The gift is intended to help minority students go to hotel management schools.

Clearly, Asian Americans will continue to have a major impact on the lodging industry. Many of their children who have been raised in the United States have completed their college studies in hospitality and are getting MBA’s and law degrees. Just a few years ago, it would have been inconceivable that this community would become large-scale owners of upscale properties such as Hiltons, Marriotts and Embassy Suites.

AAHOA has become a mature, pro-active trade association with 8,300 members. Under President Fred Schwartz, AAHOA is professionally managed and is one of the leading forces in the hospitality industry. Its ongoing initiatives include:

- AAHOA Lodging Business magazine, a monthly publication

- Annual Convention with attendance of up to 4000 members. The last three were held in Las Vegas, Fort Lauderdale and Grapevine, TX.
- Free educational seminars throughout the year for management and supervisory personnel
- Free regional trade shows featuring industry speakers, timely workshops, supplier exhibits and education courses
- Free youth conferences to alert young people to the opportunities and responsibilities of the industry
- Free women's leadership conferences designed to inform and motivate the women who are no longer just the "behind-the-scenes" family backbone.
- An ambitious scholarship fund to help defray the costs for qualified students who want to pursue a college education in the hospitality industry.

Chairman Mukesh J. Mowji outlined his goals for AAHOA at the 2006 annual convention:

1. Reach an AAHOA membership of 10,000 of which 1000 should be lifetime members
2. In 2007, transition to a membership-based relationship with partners and vendors
3. Revamp AAHOA's 12 Points of Fair Franchising and evaluate how the franchisor community is performing against these 10 year old standards.
4. Create a three-year marketing plan to invigorate the AAHOA brand on Capitol Hill
5. Establish a state-of-the-art member communication system with proprietary information
6. Train board members to be better leaders. Merge the Women's Conference and the Youth Conference into an AAHOA Leadership Conference.
7. Update current bylaws to eliminate conflict and wide interpretation. Plan now for the AAHOA we want in 2015.

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